

Short Term

Contract No. _____

HORMEL FOODS CORPORATION
SHORT-TERM HOG PROCUREMENT AGREEMENT I

This Short-Term Hog Procurement Agreement I ("Agreement") is made and entered into by and between the undersigned producer of hogs ("Producer") and Hormel Foods Corporation, a Delaware Corporation, with its principal offices in Austin, Minnesota ("Hormel Foods"). Hormel Foods desires to obtain butcher hogs from Producer, who wishes to participate in a weekly pricing program. Under this program, Hormel Foods will pay Producer for hogs delivered during a given week on the basis of the average of the prior week's top two 10:00 a.m. market prices.

1. Term; Termination. The initial term of this Agreement is six (6) months commencing on Producer's first delivery of hogs meeting the specifications hereunder. The commencement date shall be noticed in writing to Producer. Thereafter this Agreement shall automatically renew for successive six-month terms unless terminated by either party at the end of the initial term or any renewal term by providing the other party at least thirty (30) days prior written notice of such termination. This Agreement is subject to immediate termination by Hormel Foods at any time in the event of a default by Producer or if Hormel Foods discontinues the slaughtering of hogs at the plant indicated in paragraph 3.(e) below.
2. Price of Hogs. (a) Every Friday afternoon, Hormel Foods shall average the top two of the current week's (Monday - Friday) daily 10:00 a.m. Hormel Foods' Grade & Yield carcass meat prices. This is the "Contract Base Price" and shall remain in effect for the following Sunday through Saturday. (b) The Contract Base Price will be used in connection with Hormel Foods' Grade & Yield Buying Program in effect at the time of delivery to determine the final amount to be paid to Producer for hogs delivered to Hormel Foods hereunder. (c) Inspection, sorting and weighing shall be performed by Hormel Foods at the delivery location or the plant. All hogs delivered hereunder must weigh at least two hundred twenty-five (225) pounds. No hogs shall be crippled, lame, sick, overfilled or otherwise unmerchantable at time of delivery.
3. Producer Obligations. (a) All hogs delivered hereunder shall be top quality, healthy and wholesome. (b) Producer must properly use any applicable drugs and adhere to required withdrawal procedures thereto. Producer must be at Level III of the Pork Quality Assurance Program, a HACCP program of America's Pork Producers or obtain Level III of such Program within two months of the date of this Agreement. (c) While not required, the use of HORMEL® feeds is strongly encouraged and may entitle Producer to feed purchase incentives and access to Hormel Foods nutritional expertise. Producer agrees to listen objectively to Hormel Foods' feed presentations. (d) Producer agrees to arrange delivery with Hormel Foods Hog Procurement personnel by Friday of the week prior to delivery. Delivery days and times shall be determined by Hormel Foods, with delivery expected before 8:00 a.m. and/or after 5:00 p.m. Producer hereby commits that it will supply all of its market hogs to Hormel Foods under this Agreement and estimates that it will supply the following quantity of hogs each month:

_____ hogs per month

This Agreement is plant specific and applies to Hormel Foods' (Circle One and Only One Plant):

Austin Plant

Fremont Plant

Rochelle Plant

4. No Security Interests or Liens. Producer hereby represents to Hormel Foods that all hogs delivered under this Agreement are free and clear of all security interests and liens of any kind whatsoever, except as specifically provided in a written notice given to Hormel Foods. In the event hogs delivered under this Agreement are subject to any security interest or lien, Hormel Foods may make payments jointly to Producer and the secured party or lien holder.

5. Optional Participation. Producer acknowledges that it has voluntarily entered into this Agreement on its own accord, that Hormel Foods has not in any way required Producer to enter into this Agreement as a condition of selling hogs to Hormel Foods, and that Hormel Foods and its agents make no representations or guarantees of any kind whatsoever regarding the profitability of this Agreement to Producer.

6. Miscellaneous. (a) Hormel Foods and Producer agree to keep the existence of this Agreement and all of its terms, including without limitation the price of hogs, in strict confidence. (b) Producer may not assign this Agreement without the prior written consent of Hormel Foods. (c) Hormel Foods shall have an absolute and irrevocable right to setoff any amounts owed to Hormel Foods by Producer for any reason by withholding such amounts from payments otherwise due and payable to Producer. Such right of setoff shall expressly extend to, but is not limited to, any claim, executory or otherwise, which arises prior to or subsequent to the filing of bankruptcy by Producer. (d) The failure of either party to enforce any of the provisions of this Agreement or to exercise any option provided herein shall in no way be construed to be a waiver of such provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of either party to thereafter enforce each and every such provision. (e) This Agreement constitutes the entire agreement between the parties and supersedes any prior oral or written agreement or understanding between them with respect to the subject matter hereof (i.e., short-term hog procurement under a weekly pricing program); provided, this Agreement shall not affect any prior or future written agreement between Producer and Hormel Foods otherwise regarding hog procurement. (f) This Agreement may not be amended or supplemented except by a writing signed by both of the parties. (g) This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Minnesota. (h) An individual executing this Agreement on behalf of a corporation, partnership, limited liability company or other entity certifies that he or she is duly authorized to execute this Agreement on behalf of such corporation, partnership, limited liability company or other entity. (i) This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one document.

Agreed to and signed in triplicate this _____ day of _____, 199__.

("Producer") [Print Name]

HORMEL FOODS CORPORATION
("Hormel Foods")

By: _____

By: _____

Its: _____
[State "Individual" or Title]

Its: _____

Address: _____

Address: 1 Hormel Place

Austin, MN 55912-3680

HOG QUANTITY MUST BE WRITTEN IN APPROPRIATE BLANK AND PLANT
MUST BE CIRCLED IN PARAGRAPH 3.(d) FOR THIS CONTRACT TO BE VALID.